

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

March 15, 2002

IN RE:

**NASHVILLE GAS COMPANY, A DIVISION
OF PIEDMONT NATURAL GAS COMPANY,
INCENTIVE PLAN ACCOUNT (IPA) AUDIT**

**DOCKET NO.
01-00776**

**ORDER ADOPTING IPA COMPLIANCE AUDIT REPORT OF TENNESSEE
REGULATORY AUTHORITY'S ENERGY AND WATER DIVISION**

This matter came before the Tennessee Regulatory Authority (the "Authority" or "TRA") at a regularly scheduled Authority Conference held on February 26, 2002 for consideration of the February 11, 2002 Report (the "Report") of the Authority's Energy and Water Division (the "Staff"). The Report results from the Staff's Compliance Audit of the Incentive Plan Account ("IPA") filing of Nashville Gas Company (the "Company") for the year ended June 30, 2001. The IPA Compliance Audit was performed pursuant to Tenn. Code Ann. §§ 65-4-104 and 65-4-111, and in accordance with the Performance Incentive Plan (the "Plan") previously adopted by the Company.

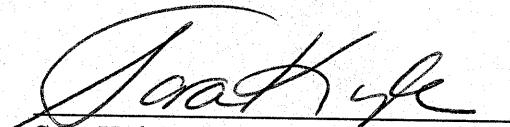
The Report is included in Exhibit 1, which is attached hereto and incorporated by this reference. Exhibit 1 also contains the Staff's Notice of Filing the Report and the Company's TRA Service Schedule No. 14, which outlines the Plan. The actual results of the Compliance Audit are described in Sections III and IV of the Report. As discussed in Section IV of the Report, the Compliance Audit resulted in one (1) finding by the Staff. This finding states that the Company understated its calculation of interest due from customers by \$15,608.54; the Company agreed with this finding. As further stated in the Report, the Compliance Audit

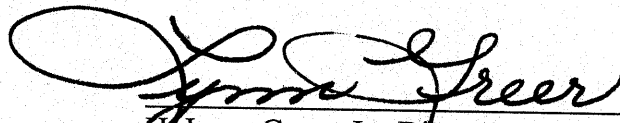
determined that during the Plan year under review, the Company's calculations conformed to the terms of the Plan.

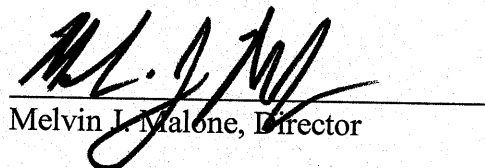
After consideration of the Report, the Directors voted unanimously to approve and adopt the Report and the findings contained therein.

IT IS THEREFORE ORDERED THAT:

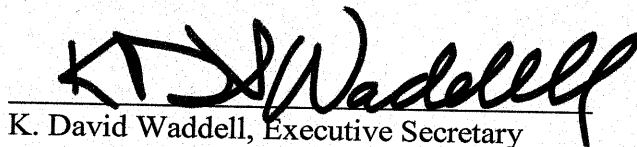
1. The February 11, 2002 Report of the Authority's Energy and Water Division regarding its Compliance Audit of the Incentive Plan Account filing of Nashville Gas Company for the year ended June 30, 2001, attached to this Order as part of Exhibit 1, is approved and adopted and is incorporated in this Order as if fully rewritten herein; and
2. Any party aggrieved by the Authority's decision in this matter may file a Petition for Reconsideration with the Authority within fifteen (15) days from the date of this Order.


Sara Kyle, Chairman


Lynn Greer, Jr., Director


Melvin I. Malone, Director

ATTEST:


K. David Waddell, Executive Secretary